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LAWYER PAY

Nearly \$1,000 an hour is rate for second-year associates at these BigLaw firms

BY DEBRA CASSENS WEISS ([HTTPS://WWW.ABAJOURNAL.COM/AUTHORS/4/](https://www.abajournal.com/authors/4/))

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Billing rates for second-year associates at some BigLaw firms are nearing \$1,000 an hour, according to a review of bankruptcy fee requests by 10 larger law firms examined by Law.com.

Paul, Weiss, Rifkind, Wharton & Garrison bills \$995 an hour for a second-year associate, according to the Law.com article (<https://www.law.com/americanlawyer/2023/03/30/what-1000-an-hour-gets-you-in-the-am-law-200-today/>). The second highest rate billed for a second year was at Sullivan & Cromwell, which billed \$960 an hour.

Law.com took a look at the fee requests after a Twitter user said a second-year associate at Kirkland & Ellis was billing \$1,035 an hour in a bankruptcy. It turned out the lawyer was actually a fourth-year associate who was admitted elsewhere previously, according to the article.

Other BigLaw firms billed \$1,000 an hour for associates, but they had between three and five years of experience. Besides Kirkland, they included Latham & Watkins and Weil, Gotshal & Manges. Past coverage indicated that (<https://www.abajournal.com/news/article/at-least-3-biglaw-firms-charge-more-than-1k-an-hour-for-top-associates>) Skadden, Arps, Slate, Meagher & Flom also charges more than \$1,000 an hour for its senior associates.

Back in 2007 (https://www.abajournal.com/news/article/top_lawyers_bill_1000_an_hour), \$1,000 an hour billing rates were also in the news—but they were for top partners at BigLaw firms.

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Bloomberg Law News 2023-10-04T13:45:07881983123-04:00

Big Law Rates Topping \$2,000 Leave Value 'In Eye of Beholder'

By Roy Strom 2022-06-09T05:30:11000-04:00

Welcome back to the [Big Law Business column](#) on the changing legal marketplace written by me, [Roy Strom](#). Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. [Sign up](#) to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation's top law firms are charging more than \$2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than \$1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges \$1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at \$2,465 an hour. Want to hire famous litigator David Boies? That'll cost \$1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, [regardless of broader market conditions](#).

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the \$2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	\$2,465
Latham & Watkins	\$2,075
Kirkland & Ellis	\$1,995
Simpson Thacher & Bartlett	\$1,965
Boies Schiller Flexner	\$1,950
Sidley Austin	\$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over \$5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have [outperformed](#) their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly \$2,500 an hour fee was [contested](#) in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than \$1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

"If the argument is that Jones Day and Skadden Arps are less expensive, then you're already talking about the cream of the crop, the top-of-the-barrel law firms," Vinaccia said. "I can't imagine a case in which I might argue those two firms are more reasonable than the rates I'm dealing with."

Worth Your Time

On Cravath: Cravath Swaine & Moore is [heading to Washington](#), opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe [reports](#) the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It's rare that associates get promotions to partner in June, but [Camille Vasquez is now a Brown Rudnick partner](#) after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel's John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. [Listen to the podcast here](#).

That's it for this week! Thanks for reading and please [send me](#) your thoughts, critiques, and tips.

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LAW FIRMS

Law firms plan big billing rate increases, even as discounts and write-offs proliferate

BY DEBRA CASSENS WEISS ([HTTPS://WWW.ABAJOURNAL.COM/AUTHORS/4/](https://www.abajournal.com/authors/4/))

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Planned increases in law firm billing rates have reached a 15-year high, according to Wells Fargo's Legal Specialty Group.

Law firm leaders are planning rate increases of about 7% or 8% next year, Law.com reports

(<https://www.law.com/americanlawyer/2022/11/22/raising-billing-rates-in-2023-becomes-a-singular-focus-for-law-firms-405-113467>), citing information from Wells Fargo's Legal Specialty Group.

"We're seeing higher planned rate increases at this point than we've ever seen, and we've been tracking this for 15 years," said Owen Burman, senior consultant for the legal specialty

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group, in an interview with Law.com.

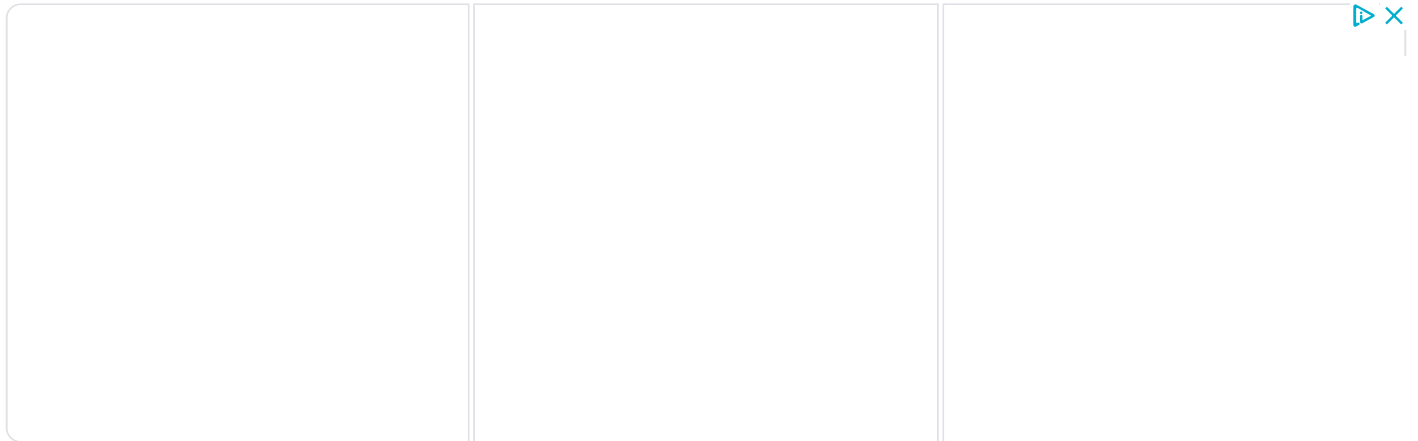
Inflation "is definitely a consideration," as law firms try to make up for two years of rate increases that did not keep up with inflation, Burman told Law.com.

But law firms may be hiking standard billing rates and then offering bigger discounts as part of a strategy, said Bill Josten, strategic content manager for Thomson Reuters, in an interview with Law.com.

A second story from Law.com (<https://www.law.com/americanlawyer/2022/12/02/increasing-write-offs-and-discounts-in-client-bills-should-sound-loud-alarm-bells-for-firm-profits>) reports on an August survey by legal tech company BigHand, which found that law firms are offering bigger discounts and increasing their write-offs this year.

Seventy-five percent of law firms in North America reported that they increased write-offs this year, and 55% of the firms said the increase in write-offs is greater than 10%. Another 27% of North American law firms are discounting to collect payments from clients.

The survey also found that 96% of North American law firms have increased billable hours targets.



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At least 3 BigLaw firms charge more than \$1K per hour for top associates

BY DEBRA CASSENS WEISS ([HTTPS://WWW.ABAJOURNAL.COM/AUTHORS/4/](https://www.abajournal.com/authors/4/))

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At least three large law firms are charging more than \$1,000 per hour for bankruptcy work by senior associates, court filings indicate.

The firms are Weil, Gotshal & Manges; Kirkland & Ellis; and Skadden, Arps, Slate, Meagher & Flom, the American Lawyer

(<https://www.law.com/2020/05/22/associate-billing-rates-surpass-1k-as-firms-snap-up-bankruptcy-work/>) reports in a story noted by Above the Law (<https://abovethelaw.com/2020/05/biglaw-firms-are-charging-how-much-for-associates/>).

Image from Shutterstock.com.

Weil revealed its rates in a bankruptcy filing for J.Crew. The firm said it

increased rates in October 2019, and associates are billing from \$595 to \$1,050 per hour. Partners and counsels are billing from \$1,100 to \$1,695 per hour.

Kirkland revealed associate rates as high as \$1,125 per hour in a bankruptcy filing for Barney's New York. Skadden reported that at least two associates bill more than \$1,000 per hour in a bankruptcy filing for the McClatchy newspaper company.

Another law firm, King & Spalding, was so intent on keeping its billing rates secret that it withdrew a request (<https://www.abajournal.com/news/article/biglaw-firm-withdraws-request-for-legal-fees-after-judge-says-it-cant-shield-its-billing-rates>) last month for nearly \$665,000 in attorney fees in a records suit against the Department of Justice. The law firm had maintained that exposure of billing rates would harm its standing with respect to competitors.

The news of \$1,000 hourly associates comes 13 years after news coverage revealed (https://www.abajournal.com/news/article/top_lawyers_bill_1000_an_hour) that some partners were billing \$1,000 per hour.

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Will Billing Rates for Elite Firms Rise More in 2020?

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Body

In the midst of a recession, big restructuring law firms such as Kirkland & Ellis and Weil, Gotshal & Manges continue charging premium billing rates-close to \$2,000 per partner-months after the firms' regular rate increases.

With another rate increase possibly right around the corner this year, some law firm and restructuring observers say they don't expect many discount pressures or pushback on ballooning rates in bankruptcy court. But rate hikes in 2020 are not a done deal, they add.

Weil said in court filings that the firm typically raises rates once per year, while Kirkland said it typically increases the hourly rate of its professionals [*twice a year*](#).

Kirkland, which has earned a significant portion of the work so far in large pandemic-era bankruptcies, raised its hourly billing rates Jan. 1, according to [*court documents filed*](#) in the Neiman Marcus bankruptcy. Among others, the firm is also advising JCPenney and Chesapeake Energy in their Chapter 11 cases.

From May 7 to Dec. 31 of last year, Kirkland partners were charging \$1,025 to \$1,795; counsel were charging \$595 to \$1,705; and associates were charging \$595 to \$1,105. Now, both Kirkland partner and counsel rates top out at \$1,845-an increase of 2.7% and 5.9%, respectively-while associate hourly rates reach upward of \$1,165-a 3.6% increase.

Will Billing Rates for Elite Firms Rise More in 2020?

Weil, another bankruptcy powerhouse that is handling the J.Crew and Brooks Brothers bankruptcies, also upped its rates in the last year, according to [court documents filed](#) in the J.Crew case.

As of October 2019, partners and counsel are now billing \$1,100 to \$1,695-the upper rate a 5.9% increase from the previous high of \$1,600-while associates are charging \$595 to \$1,050-the upper rate a 5.5% increase from the previous high of \$995 that officially pushed some Weil associates over the \$1,000 per hour mark.

For example, in May, partners charged up to \$1,695 per hour and associates charged up to \$1,050 for work done in the J.Crew bankruptcy, according to the [first monthly fee statement](#).

Akin Gump Strauss Hauer & Feld, another top bankruptcy firm that earned work on the Chesapeake Energy Chapter 11 restructuring, increased some rates in January 2019, according to [court documents](#) filed in the ongoing but pre-pandemic Sears bankruptcy.

At the time, the highest partner rates at Akin Gump rose 3.5%, up to \$1,755 per hour; highest counsel rates rose 7.2%, up to \$1,420 per hour; and highest associate rates rose 5.4%, up to \$975 per hour.

According to Akin Gump's [20th monthly fee statement](#), filed May 30 this year, in the Sears bankruptcy-where it is representing the committee of unsecured creditors-partner, counsel and associate rates are still on par with what the firm charged a year and a half ago.

Overall, if these big firms raised their hourly rates in 2020 just as much as previous years, the partners could be charging up to \$1,895 at Kirkland, \$1,795 at Weil and \$1,815 per hour at Akin Gump, while associates could bill up to \$1,205 at Kirkland, \$1,110 at Weil and \$1,105 an hour at Akin Gump.

Representatives for Kirkland and Weil did not respond to requests for comment about whether they were planning to increase their rates this year, and if so, by how much. An Akin Gump representative declined to comment.

Great Recession Lessons

Restructuring and legal market observers have mixed opinions on whether firms will seek further rate increases this year-and by how much-although all agree that top bankruptcy firms will likely end the year with higher fees than any other given year.

Mark Medice, a law firm management consultant at LawVision who focuses on financial performance and data science, said he doesn't think firms will have an annual adjustment to bankruptcy billing rates in 2020. Citing the Great Recession as an example, he said he didn't see many firms increase their rates at the onset of the recession to capitalize on increased demand for bankruptcy services and that billing rates actually dipped in the years following the recession.

Will Billing Rates for Elite Firms Rise More in 2020?

"Demand [for bankruptcy practices] tends to go up when there are downturns, but as a general rule, law firms do not adjust their rates upwards during those times," he said.

In the coming months, he said he believes it's more likely that firms will see higher realization rates and will reduce write-downs. Currently, firms like Kirkland, Weil, Akin Gump and others usually ask for 80% of the total fees they bill every month, according to monthly fee statements.

Lynn LoPucki, a restructuring law professor at UCLA Law, also said rate increases every year aren't a done deal, but if they do occur, there are few stakeholders in bankruptcy court that will keep rate increases in check.

"Nobody's controlling the fees," he said. "If you're a debtor, you're not going to control the fees because you're spending other people's [the creditors'] money."

Some creditors, who are last in line to get paid, may begin objecting to large firm fee applications, he said. A group of vendors, for instance, pushed back in late 2019 on the millions Weil billed in the Sears bankruptcy, but the judge overruled objections.

"There will be creditors that try to push back because the rates are so great, and the response of judges to that is to be to toss them some scraps," LoPucki said. In the bankruptcy of aerospace-parts manufacturer Wellman Dynamics Co., for instance, an Iowa bankruptcy judged in 2017 called Weil's fees "[staggering](#)" and cut its multimillion-dollar payment in half, according to the Wall Street Journal. A U.S. trustee found Weil also overbilled mortgage servicer Ditech last year.

While judges are required to review every fee in a Chapter 11 case, LoPucki said he believes they are not inclined to object to rising rates, even during a recession. If bankruptcy judges begin to say no to fee increases, "firms will start taking their cases to different courts," he said, meaning less interesting work for judges as well as fewer filing fee dollars flowing into a jurisdiction.

"Fundamentally, this situation can't change, because if one judge in one city says no to the fees, the cases just go to a different city," LoPucki said. "It's hard to get across what a totally insane system this is."

Read More:

Law Firms Are Raking in Millions From Pandemic-Era Retail Bankruptcies

Associate Hourly Billing Rates Surge Past \$1K as Firms Snap Up Bankruptcy Work

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